



## INTERNATIONAL TRADE COMMISSION

### Investigation No. 337-TA-850

### Certain Electronic Imaging Devices

#### Notice of Commission Determination to Review-in-Part a Final Determination

**AGENCY:** U.S. International Trade Commission.

**ACTION:** Notice.

**SUMMARY:** Notice is hereby given that the U.S. International Trade Commission has determined to review in-part the final initial determination (“ID”) issued by the presiding administrative law judge (“ALJ”) on September 30, 2013, finding a violation of Section 337 of the Tariff Act of 1930, 19 U.S.C. § 1337 (“Section 337”).

**FOR FURTHER INFORMATION CONTACT:** Jia Chen, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 708-4737. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission’s electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205-1810.

**SUPPLEMENTARY INFORMATION:** The Commission instituted this investigation on June 29, 2012, based on a complaint filed by Flashpoint Technology, Inc. (“Flashpoint”) of Peterborough, New Hampshire alleging violations of Section 337 in the importation into the

United States, the sale for importation, and the sale within the United States after importation of certain electronic imaging devices by reason of infringement of certain claims of U.S. Patent Nos. 6,504,575 (“the ‘575 patent”), 6,222,538 (“the ‘538 patent”), 6,400,471 (“the ‘471 patent”), and 6,223,190 (“the ‘190 patent”). The notice of investigation named the following respondents: HTC Corporation of Taoyuan, Taiwan and HTC America, Inc. of Bellevue, Washington (collectively, “HTC”); Pantech Co., Ltd. of Seoul, Republic of Korea and Pantech Wireless, Inc. of Atlanta, Georgia (collectively, “Pantech”); Huawei Technologies Co., Ltd. of Shenzhen, China; FutureWei Technologies, Inc. d/b/a Huawei Technologies (USA) of Plano, Texas (collectively “Huawei”); ZTE Corporation of Shenzhen, China; and ZTE (USA) Inc. of Richardson, Texas (collectively “ZTE”). The ‘575 patent and respondent Pantech have been terminated from the investigation. The Commission Office of Unfair Import Investigations did not participate in this investigation.

On September 30, 2013, the ALJ issued a final ID finding a violation of Section 337 by HTC. Specifically, the ALJ concluded that two of the accused HTC smartphones, *i.e.*, the HTC Vivid and HTC Droid Incredible 4G LTE, infringe the asserted claims of the ‘538 patent. The ALJ found, however, that none of the other accused HTC smartphones infringe the ‘538 patent and that none of the accused HTC, Huawei, or ZTE smartphones infringe the asserted claims of the ‘471 patent or the ‘190 patent. The ALJ found that the smartphones of Flashpoint’s licensees [REDACTED] meet the technical prong of the domestic industry requirement with respect to the ‘538 patent, but that none of the licensed [REDACTED] smartphones meet the technical prong of the domestic industry requirement with respect to either the ‘471 or ‘190 patents. The ALJ found that Flashpoint established the economic prong of the domestic industry requirement under Sections 337(a)(3)(A), (B), and (C) with respect to all of the asserted patents. The ALJ also

found that HTC has not established that the asserted patents are invalid in view of the prior art or the on-sale bar. The ALJ further found that the ‘190 and ‘538 patents are not unenforceable for failure to name an inventor.

On October 31, 2013, Flashpoint filed a petition for review, challenging the ALJ’s determination with respect to: (1) the representativeness of the accused products for the ‘538 patent, (2) claim construction for the ‘471 patent, (3) non-infringement of the ‘471 patent, (4) non-infringement of the ‘190 patent, (5) technical prong for the ‘471 patent, and (6) technical prong for the ‘190 patent.

On the same day, respondents HTC, Huawei, and ZTE filed a joint petition for review, challenging the ALJ’s determination with respect to: (1) non-infringement of the ‘190 patent, (2) validity of the ‘190 patent for anticipation and obviousness, (3) validity of the ‘471 patent for anticipation and obviousness (4) technical prong for the ‘190 patent, and (5) economic prong with respect to all asserted patents. HTC filed a separate petition for review with respect to issues affecting only HTC, challenging the ALJ’s determination with respect to (1) claim construction for the ‘538 patent, (2) infringement of the ‘538 patent, (3) validity of the ‘538 patent for anticipation and obviousness, (4) non-infringement of the ‘471 patent; (5) validity of the asserted patents with respect to the on-sale bar, and (6) enforceability of the asserted patents.

The Commission has determined to review the ALJ’s findings regarding the following issues: (1) infringement of the asserted claims of the ‘538 patent by the HTC Vivid and HTC Droid Incredible 4G LTE smartphones; (2) the technical prong of the domestic industry requirement for the ‘538 patent; (3) obviousness of the asserted claims of the ‘538 patent over U.S. Patent No. 5,835,772 to Thurlo (“Thurlo”), U.S. Patent No. 5,740,801 to Branson (“Branson”), the

“Admitted Prior Art” (“APA”), U.S. Patent No. 5,638,501 to Gough *et al.* (“Gough”), and U.S. Patent No. 5,898,434 to Small (“Small”); (4) claim construction of the term “operating system” in the asserted claims of the ‘471 patent; (5) infringement of the ‘471 patent by the accused HTC, Huawei, and ZTE products; (6) the technical prong of the domestic industry requirement for the ‘471 patent; (7) anticipation of the asserted claims of the ‘471 patent in view of U.S. Patent No. 5,687,376 to Celi, Jr. *et al.*; (8) infringement of the asserted claim of the ‘190 patent; (9) technical prong of the domestic industry requirement for the ‘190 patent; (10) anticipation and obviousness of the ‘190 patent in view of U.S. Provisional Patent Application 60/037,963 to Parulski; (11) anticipation and obviousness of the ‘190 patent in view of the Zaurus; (12) anticipation and obviousness of the ‘190 patent in view of the Japanese Laid-Open Patent Application No. H09-298678 to Kazu Saito; (13) validity of the ‘538, ‘471, and ‘190 patents in view of the on-sale bar; (14) enforceability of claim 19 of the ‘538 patent with respect to joint inventorship; and (15) the economic prong of the domestic industry requirement with respect to the ‘539, ‘471, and ‘190 patents. The Commission has determined not to review any of the remaining issues.

The parties should brief their positions on the issues on review with reference to the applicable law and the evidentiary record. In connection with its review, the Commission is particularly interested in responses to the following questions:

**Question 1:** The Federal Circuit issued an opinion in *Suprema Inc. v. ITC* on December 13, 2013, holding that “an exclusion order based on a violation of 19 U.S.C. § 1337(a)(1)(B)(i) may not be predicated on a theory of induced infringement under 35 U.S.C. § 271(b) where direct infringement does not occur until *after* importation of the articles the exclusion order would bar.” Opinion at

4. Please address whether the Court's holding regarding induced infringement applies to the facts of this case.

**Question 2:** Please discuss whether Flashpoint has presented sufficient evidence that HTC had specific intent to induce infringement of the asserted claims of the '538 patent [REDACTED] Specifically, please address whether this case is or is not distinguishable from the facts of *i4i Ltd. Partnership v. Microsoft Corp.*, 598 F.3d 831, 851-52 (Fed. Cir. 2010).

**Question 3:** Please discuss whether Flashpoint has presented sufficient evidence showing acts of direct infringement as to the asserted claims of the '538 patent.

[REDACTED]

**Question 4:** Please discuss whether the asserted claims of the '538 patent are obvious over Thurlo, Branson, the APA, Gough, and/or Small. Specifically, please address whether a person of ordinary skill in the art would be motivated to combine Thurlo, Branson, and the APA, and whether a person of ordinary skill in the art would be motivated to combine Thurlo, Branson, and the APA, with Gough and/or Small. Please cite to the record, including relevant prosecution history and expert testimony.

**Question 5:** With respect to the proper construction of the term "operating system" of the asserted claims of the '471 patent, discuss whether the preferred embodiments of the '471 patent are implemented using an "operating system" that does not include the kernel and device drivers. Please also discuss, even if the preferred embodiments of the '471 patent are implemented using an operating system that does not include the kernel and device drivers, whether under the

ALJ's construction of the term "operating system," the kernel and device drivers are *necessarily* included.

**Question 6:** Discuss whether the accused products meet each of the limitations of the asserted claims of the '471 patent, including the term "operating system" under the proper construction of that term and the term "image processing system," as construed by the ALJ.

**Question 7:** [REDACTED]

**Question 8:** Discuss whether the asserted claims of the '471 patent are anticipated by the Celi reference under the ALJ's construction of the term "image processing subsystem."

**Question 9:** [REDACTED]

**Question 10:** Discuss whether the accused products meet the limitation "wherein the *formatted document* is formatted in accordance with a *predefined model*" of claim 13 of the '190 patent. [REDACTED]

**Question 11:** Please provide evidentiary support in the record regarding whether the U.S. investments alleged by complainant are significant or substantial in the context of the complainant's business, the relevant industry, and market realities.

**Question 12:** Assume for purposes of this question that the ITC issues an exclusion order covering the "no-contract" and "pay as you go" phones described on page 4 of ZTE Corporation and ZTE (USA) Inc.'s Statement on the Public Interest filed on November 18, 2013. Please provide the percentage of the total "no contract" and "pay as you go" phone market that would be affected by such an exclusion order.

**Question 13:** Several entities submitted statements on the public interest asserting that there should be a transition period for any remedy issued against HTC.

Please explain and provide evidence regarding whether such a transition period is warranted in this investigation. Additionally, please explain and provide evidence regarding the appropriate duration for any such transition period.

**Question 14:** Several entities submitted statements on the public interest asserting that the Commission should consider in its public interest analysis the fact that HTC's accused products are complex devices comprising numerous components, whereas Flashpoint's infringement allegations are directed to a single component of the accused devices. How (if at all) should the Commission consider such a factor in determining whether to issue such a remedy or in fashioning an appropriate remedy in this investigation?

In connection with the final disposition of this investigation, the Commission may (1) issue an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) issue one or more cease and desist orders that could result in a respondent being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. If a party seeks exclusion of an article from entry into the United States for purposes other than entry for consumption, the party should so indicate and provide information establishing that activities involving other types of entry either are adversely affecting it or likely to do so. For background, *see Certain Devices for Connecting Computers via Telephone Lines*, Inv. No. 337-TA-360, USITC Pub. No. 2843, Comm'n Op. at 9 (December 1994).

If the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or cease and desist orders would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation.

If the Commission orders some form of remedy, the United States Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. *See* Presidential Memorandum of July 21, 2005, 70 *Fed. Reg.* 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission and prescribed by the Secretary of the Treasury. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

**WRITTEN SUBMISSIONS:** The parties to the investigation are requested to file written submissions on the issues identified in this notice. Parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding. Such submissions should address the recommended determination by the ALJ on remedy and bonding. Complainant is also requested to submit proposed remedial orders for the Commission's consideration. Complainant is also requested to state the date that the patents expire and the HTSUS subheadings under which the accused products are imported. The written submissions and proposed remedial orders must be filed no later than close of business on Thursday, January 3, 2014. Reply submissions must be

filed no later than the close of business on Thursday, January 10, 2014. The written submissions must be no longer than 75 pages and the reply submissions must be no longer than 35 pages. No further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must do so in accordance with Commission rule 210.4(f), 19 C.F.R. § 210.4(f), which requires electronic filing. The original document and 8 true copies thereof must also be filed on or before the deadlines stated above with the Office of the Secretary. Any person desiring to submit a document to the Commission in confidence must request confidential treatment unless the information has already been granted such treatment during the proceedings. All such requests should be directed to the Secretary of the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 C.F.R. § 210.6. Documents for which confidential treatment by the Commission is sought will be treated accordingly. All non-confidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and in sections 210.42-46 and 210.50 of the Commission's Rules of Practice and Procedure (19 C.F.R. §§ 210.42-46 and 210.50).

By order of the Commission.

Lisa R. Barton  
Acting Secretary to the Commission

Issued: December 16, 2013

